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April 28, 1988

Honorable William H. Webster
Director of Central Intelligence
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Webster:

Over the years the Committee on Government Operations has taken an active interest in improving the management of U.S. Government operations overseas, both in the quality of services provided and in their cost effectiveness.

In an effort to avoid duplication and the unnecessary costs associated with it, the Committee has encouraged agencies operating overseas to participate in shared administrative support services. It has been disappointing, therefore, to continue to learn of problems associated with these support services. I am convinced that the potential for consolidating management services overseas remains. Unfortunately, however, consolidating services, particularly in developing countries, continues to be troublesome.

Recently, I requested the General Accounting Office to conduct a study of administrative support services overseas. A copy of the GAO report is enclosed. I would be most interested in knowing of your experience with administrative support services overseas and, in particular, having your comments on the the report. In view of your agency's commitments overseas, I would appreciate receiving any specific suggestions you may have as to how the process of sharing administrative support services can be improved.

Your early reply would be greatly appreciated. Meanwhile, with every good wish to you, I am

Sincerely,

JACK BROOKS
Chairman

Enclosure

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United States General Accounting Office

GAO

Report to the Chairman, Legislation and National Security Subcommittee, Committee on Government Operations

March 1988

OVERSEAS SUPPORT

Current U.S. Administrative Support System Is Too Complicated

GAO/NSIAD-88-84

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GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-202491

March 25, 1988

The Honorable Jack Brooks
Chairman, Legislation
and National Security Subcommittee
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

In response to your request, we have reviewed the administrative support provided by the Department of State to U.S. government agencies located overseas. This report addresses shortcomings we found in the administration of State's program to provide such support, the other agencies' satisfaction with the support, the methods used to distribute the cost of the support, and the factors adversely affecting the consolidation of various overseas administrative support efforts.

Background

Since World War II, the State Department has provided administrative support services to other agencies overseas. Established in 1977, the current Foreign Affairs Administrative Support (FAAS) system operates in 124 countries and provides services to more than 50 federal agencies overseas involved in over 100 different programs.

Agencies are permitted to select those FAAS services they wish to receive at each overseas post; they do not have to choose all or any of them. An agency may receive certain services from the FAAS system, contract with private firms for other support, and perform still other functions with its own personnel.

Extent of Administrative Support Not Widely Understood

We found that agency officials, for the most part, were uncertain about (1) the extent of the services they were supposed to receive through the FAAS system, (2) the cost of individual FAAS services, and (3) the system for distributing FAAS costs among the involved agencies. State's Foreign Affairs Manual and the FAAS service agreements lack sufficient detail to explain the extent of the services to be provided. Few mechanisms existed at the embassies we visited for other agencies to give and receive periodic feedback on FAAS operations. We are recommending several actions to reduce the uncertainty about the FAAS system and to establish mechanisms to foster the delivery of high-quality, low-cost FAAS services (see app. I).

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Customer Satisfaction

Agency satisfaction with FAAS services varied from post to post and service by service at the locations we visited. In many cases, agency officials told us they were satisfied with the FAAS services. However, when agencies did express concerns about the quality of FAAS services, they generally related to the inexperienced administrative staff or to long periods without staff. These have been continuing problems, particularly in less developed countries. The situation was much different at the U.S. Embassy in Germany where key U.S. personnel responsible for FAAS services averaged 22.8 years of service and had served at 4 to 10 overseas posts. Most of them had also served in some administrative capacity in Washington. The Foreign Service Nationals there also had extensive experience.

In appendix II we have detailed the satisfaction/ dissatisfaction of other agencies with the FAAS system and are recommending that State use one or more of the available alternatives to provide personnel in sufficient numbers and with the requisite skills to supply the various U.S. agencies with adequate FAAS services.

Cost Distribution System

Under the FAAS system, State has been paying all the costs associated with such things as the salaries and related costs of essential embassy personnel, telegraphic communications, information systems, and security. It has also had responsibility for paying the annual building operating expenses generated by other agencies occupying government-owned and long-term leased properties. Other agencies have been reimbursing State for the cost of various other administrative support costs based on the services to which they subscribe at each overseas post. These include budget and fiscal services, vehicle operation and maintenance, personnel services, short-term leasing, procurement, warehousing, and other administrative supply functions. In essence, State has been providing some support to agencies without charge and charging them for other services provided.

As a result of this arrangement, State, which employs about 36 percent of the U.S. government's civilian overseas work force, paid about 74 percent ($222 million) of the FAAS costs in fiscal year 1986, and other agencies paid about 26 percent ($78 million).

This cost distribution arrangement is about to change significantly because the Foreign Relations Authorization Act for Fiscal Years 1988 and 1989 (P.L. 100-204), enacted in December 1987, calls upon State to

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obtain full reimbursement for shared administrative costs from the other agencies.

As the Department revises its procedures to implement this new legislation, we believe that it should also use this opportunity to strengthen accountability and address other drawbacks we found in the existing FAAS cost distribution system.

One of the drawbacks of the existing system is that it charges each agency on a country-wide basis for all of the FAAS services but does not tell the agency how much each service costs. Moreover, the system does not tell what the FAAS services cost at individual posts within a country. Thus agency officials cannot readily determine whether the FAAS cost is reasonable on either a post- or service-specific basis.

Our review showed that the methods used to allocate FAAS costs among the involved agencies were questionable because (1) the system requires the collection and analysis of numerous work-load statistics that have resulted at times in improper charges, and (2) in some cases, the work-load data collection effort and allocation procedures were inordinately costly in relation to the expenses being allocated. In addition, a State cable indicates that many posts have been using the FAAS system improperly to distribute among the various agencies the costs of specific services which should have been directly charged to the individual agencies that received the specific service.

Appendix III sets forth some specific recommendations to improve the FAAS cost distribution process.

Factors Affecting Complete Consolidation of Administrative Support

Consolidation of administrative support services avoids duplication of services and generally reduces costs. Various factors, however, complicate complete consolidation of administrative support capabilities at certain posts. These factors include diverse agency requirements and capabilities and separate locations within a country. Appendix IV discusses these factors.

A factor that may have a much broader impact on the consolidation of overseas administrative support services in the future relates to State's ability to satisfy the other agencies. Under the recently enacted legislation, other agencies will soon begin to pay the full cost of services received. If State cannot provide adequate services at a reasonable cost, the other agencies that now voluntarily participate in FAAS will probably

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seek alternatives. The challenge will be to avoid (1) eroding cohesion among the agencies, (2) undermining previous efforts to curb the duplication of support capabilities, (3) creating competition between agencies for the same services in locations where limited alternatives exist, and (4) increasing costs to the government because economies of scale are lost.

Objectives, Scope, and Methodology

Our objectives were to review the FAAS system, ascertain agencies' perspectives on the quality of services provided, evaluate the FAAS cost distribution system, and determine what might be impeding the consolidation of overseas administrative support services.

Our fieldwork, conducted from September 1986 through November 1987, was performed principally at the Department of State in Washington, D.C., and seven U.S. embassies in various parts of the world. The embassies, which were selected on a judgmental basis, were (1) Bonn, Germany; (2) Niamey, Niger; (3) Cairo, Egypt; (4) Jakarta, Indonesia; (5) Bangkok, Thailand; (6) Brasilia, Brazil; and (7) Mexico City, Mexico. We interviewed State and embassy officials and reviewed documents and files. In addition, we held discussions with officials from 16 other agencies at overseas locations. We also talked with officials from 8 of these agencies in Washington.

Our review was conducted in accordance with generally accepted government auditing standards. As you requested, we did not ask the Department of State to provide official comments on a draft of this report.

As arranged with your office, we plan no further distribution of this report until 30 days from its issue date unless you publicly announce its contents earlier. At that time, we will send copies to other interested congressional committees, the Department of State, and other involved

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executive agencies. We will also make copies available to others on request.

Sincerely yours,

Frank C. Conahan
Assistant Comptroller General

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Appendix V
Administrative
Support Services
Available Through the
FAAS System

35

Abbreviations

AID	Agency for International Development
FAAS	Foreign Affairs Administrative Support
JAO	Joint Administrative Office
USIA	United States Information Agency

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Extent of Administrative Support Not Widely Understood

Agencies that use the State Department's Foreign Affairs Administrative Support (FAAS) system should know the full extent of the services they sign up for and how much they cost. Without such information, users cannot evaluate the quality of the services they receive and resolve problems. However, we found that agency officials were uncertain about the (1) extent of the services they were to receive through the FAAS system, (2) cost of particular services, and (3) overall cost distribution system. At the overseas posts we visited, few mechanisms existed through which agencies could periodically give or receive feedback on FAAS operations.

Background

The FAAS system is designed to help provide U.S. government employees overseas with a place to work and live, the physical facilities necessary to do the job, communications with the parent agency in Washington, and assistance and protection for themselves and their families.

Under State's FAAS system, administrative support is available at overseas posts for such services as

- recruitment and personnel management services for Foreign Service Nationals;
- personnel management services for Americans;
- welfare and health services;
- travel services;
- financial management, cashiering, disbursing, and vouchering services;
- vehicle operation and maintenance;
- procurement, warehousing, and administrative supplies;
- packing, crating, forwarding and custom clearance for shipments of government equipment, personal effects, and privately-owned vehicles;
- operation and maintenance of office buildings;
- operation and maintenance of residential housing;
- leasing of residential, office, or other functional properties;
- telegraphic, mail, pouching, and reproduction services;
- reception and telephone switchboard services; and
- physical and personal security and guard services.

Since World War II, State has provided overseas administrative support services to other government agencies. This arrangement has been based on the premise that the interests of efficiency and economy are best served by the expansion of State's basic administrative capacity to include the common administrative requirements of other agencies, thus

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preventing duplication of staffing and resources. Other agencies then share in the cost of the augmented resources.

Over the years, various methods have been used to implement this cost-sharing concept. Under the existing FAAS system, the other agencies have been receiving some services free of charge but have had to pay for others. For example, State has been funding the building operation and maintenance costs for all civilian government-owned and long-term leased properties overseas, but the costs related to short-term leased properties have been distributed to the supported agencies. The current cost distribution system is discussed in detail in appendix III.

Each agency at each overseas post specifies in a one-page (check-list) agreement which FAAS services it wants to receive. These agreements may be modified at any time by mutual negotiation and the signing of a new or amended service agreement, but with due regard for the lead time required for staffing changes.

Lack of Definitive Service Standards

Although the Department of State provides agencies some information concerning FAAS services, the agency officials we interviewed were, for the most part, unaware of what to expect when they signed up for specific services. Officials from the other agencies complained about the absence of explanations concerning FAAS services such as Foreign Service National personnel management, voucher processing, and residential leasing.

State's Foreign Affairs Manual and the FAAS service agreements lack sufficient detail to explain the extent of services to be provided. The service agreements merely list the category of services to be provided and the manual does not provide enough information and/or is not sufficiently clear to minimize misunderstandings by agency officials on the nature and extent of services they are to receive under FAAS.

Obtaining clarification from State officials was often difficult and time-consuming, and the information received was often inadequate, according to agency officials at various overseas posts. To resolve a disagreement over the interpretation of a certain FAAS subfunction's definition, one agency official turned to a FAAS employee's position description. The agency official found that the position description required the employee to perform a service that Department of State officials had

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maintained was not a part of the FAAS system. At that point, State officials agreed that since the FAAS employee was required to perform the service, they would provide it as part of the FAAS service.

At the seven embassies we visited, no guidelines or standards had been issued either by State or by the other agencies outlining the level and extent of the individual administrative support services to be provided. Thus, there are no generally applicable guidelines setting quality or timeliness goals or expectations.

Uncertainty Over Costs

Personnel from both State and the other agencies responsible for the FAAS system are uncertain about the costs of individual services and the overall cost distribution system. While certain administrative support services are charged to the other agencies, other services are provided free of charge by State. For example, agencies are charged for using the motor pool but not for payroll services—even though both are part of the FAAS system. Moreover, the agencies are charged only a portion of the costs for some FAAS services. For example, they are charged for the personnel costs of the Foreign Service Nationals working in the communication centers but not for the Americans working there.

Agency officials are also uncertain about how the distribution of FAAS costs is made. In one case, an agency official thought that withdrawing from the FAAS American personnel management services at the consulates would save money. The cost of that service, however, is shared on the basis of the total number of Americans in the country. Therefore, withdrawing from the service at the consulates while retaining it at the embassy would not reduce an agency's bill.

In another case, this agency began using the private travel agency located in the embassy to eliminate FAAS travel service charges. The agency did not realize that it had to pay a FAAS charge for using the private travel agency, even though the rate was less than the agency would have been charged for the full FAAS travel services.

Some of the uncertainty may be attributed to the varying methods of distributing service costs. For some services, agencies are charged on an "as used" basis, while for others they are charged on an "as available" basis. That is, agencies share in the variable cost of the motor pool according to the number of miles driven, while they share in the cost of the American personnel management office according to the number of employees eligible to use the office—regardless of how often they use it.

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Lack of Feedback Mechanisms at Overseas Posts

The Department of State in Washington, D.C., chairs a FAAS council and a FAAS working group, but similar groups generally do not exist at the post level. The FAAS council, consisting of representatives at the Deputy Assistant Secretary level from the various agencies, meets at least quarterly to discuss major issues concerning the FAAS system. The FAAS working group is an adjunct of the FAAS council. Budget and management personnel from the various agencies that make up the working group review concerns before they are presented to the FAAS council. The FAAS working group also discusses the FAAS charges for all of the overseas posts, based on mid-year financial plans submitted by the posts.

However, at most of the embassies we visited, no formal mechanism existed to provide a forum for addressing complaints or suggestions regarding FAAS services. Furthermore, at those posts, there was no interagency mechanism to monitor FAAS services and foster the delivery of high-quality, low-cost services. According to embassy personnel, they informally monitor the quality of services on an ad hoc basis through personal and telephonic contacts with other agency officials. Some agency officials overseas had referred FAAS problems to their headquarters for resolution, primarily to the FAAS working group. However, two of the embassies we visited did hold monthly meetings with other agency officials at post to inform them of local administrative policy changes and monitor the quality of services. Officials at these embassies indicated that these meetings were helpful in resolving local FAAS problems.

With the constant change of personnel from the various agencies into and out of overseas posts, and the need to convey and discuss local administrative support issues, a local forum seems to be something that could help eliminate some of the uncertainty about FAAS that agency officials overseas have.

Conclusions

Agency officials are uncertain about the FAAS system primarily because (1) it does not give users sufficient information on what specific services are provided and how much they cost, (2) no standards or guidelines have been established to define what level of services they should expect, and (3) few formal mechanisms exist at overseas posts to help agency officials learn about FAAS and discuss local administrative support issues.

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Recommendations

We recommend that the Secretary of State

- publish more definitive information about the specific nature of each of the FAAS services, including clear indications of the bases for which an agency will be charged for the various services;
- establish guidelines or standards outlining the level and extent of services to be delivered so that the quality and timeliness of such services can be compared to established expectations/ goals and uncertainty about the services can be minimized; and
- establish a mechanism, such as a local FAAS working group, whereby Department and other agency officials at each post can (1) discuss local administrative support issues, (2) address problems, solutions, and better ways to provide services, and (3) monitor FAAS services and foster the delivery of high-quality, low-cost FAAS services.

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Customer Satisfaction With FAAS Services

When subscribing to FAAS services, agencies have a right to expect that they will receive prompt and efficient service from qualified personnel. At the locations we visited, agency satisfaction with FAAS services varied from post to post and service by service. In many cases, agency officials told us they were satisfied with the FAAS services. When agencies did express concerns about the quality of services provided by State, they generally related to inexperienced FAAS administrative staff or long periods without staff. These have been continuing problems, especially in less developed countries. On the other hand, the U.S. embassy in Germany had an abundance of experienced personnel.

Pattern of Staff and Training Problems

For at least 6 years reports have indicated that staffing and training problems, particularly in less developed countries, have hampered the effective implementation of the overseas administrative support program.

- In 1981 we reported that at 11 of the 15 posts visited we identified key administrative personnel who had little or no training and in some cases limited experience in the area to which they were assigned.
- The Department of State's Inspector General (IG) 1982 Annual Report indicated a pattern of administrative deficiencies at many "hardship" posts, and the quality of administrative operations was related directly to training, experience, and timely assignment of administrative personnel.
- In its 1983 Financial Integrity Act report,[1] the Department of State indicated that the administrative and program management personnel lacked sufficient competence and asserted that better training was needed.
- In 1984 the State IG reported that despite significant improvements in personnel assignment and training policies, inspectors continued to find multiple administrative deficiencies at posts in less developed countries. These deficiencies were attributable largely to unqualified and inexperienced key American administrative personnel and were compounded by excessive staffing gaps or turnover.
- In its 1986 Annual Report, the State IG stated that, according to individual management inspection reports on overseas posts, the administrative function had the greatest number of problems. At 18 percent of the posts inspected, the administrative function was characterized as being

[1]The Federal Managers' Financial Integrity Act of 1982 requires federal agencies to evaluate their internal control systems and report annually to the President and the Congress on their systems and plans to correct identified weaknesses.

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in a "disordered state or having many problems." The inspectors found staffing to be a major cause of existing problems. Inspectors reported serious gaps, shortages, or inexperienced Foreign Service Officers at 8 percent of the posts. The inspectors reported that Foreign Service Nationals were not of good quality, not well trained, or not well managed at 7 percent of the posts inspected. This same report stated that the administrative operations were commended by the inspectors at 20 percent of the posts they visited.

Current Availability of Qualified Staffing

Officials in Washington and at overseas locations who did express concerns about the quality of services generally felt the personnel responsible for providing FAAS services, particularly those in less developed countries, were often inadequate in numbers or insufficiently skilled.

For example, for one of the posts we visited, the individual IG inspection in 1986 had noted that widespread dissatisfaction existed throughout the post because of the perceived lack of quality staff to handle FAAS services. We found that this perception continued in 1987 as officials of some other agencies questioned the skills of the staff, particularly Foreign Service Nationals. At another post we visited, the Joint Administrative Office (JAO)[2] director was the only person with overseas experience; the personnel officer and the budget and fiscal officer were on their first overseas assignments. At two other posts, junior officers were serving as general service officers, positions for which they had little previous experience.

A Foreign Service Officer who had been assigned as a post housing officer said that she had not had any training or prior experience in that position. After numerous complaints had been received about her capabilities in fulfilling the role of housing officer, she was reassigned.

At another post, the data processing systems manager said that he did not have the technical training needed for the job and had not had any on-the-job training or prior experience in managing and operating a computer system.

State's 1986 Financial Integrity Act report indicated that the Department no longer considers administrative and program management training to be a material weakness because new general services officer

[2]In 21 countries, personnel from State and the Agency for International Development operate together in Joint Administrative Offices to perform FAAS functions.

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and personnel training courses had been developed. State also reported that while these two courses, as well as the budget and fiscal management course, needed some refinement, they were "vast improvements" over the training previously offered. However, officials from State and other agencies have since indicated to us that further improvements were still needed.

State documents indicate that the Department has a chronic shortage of qualified budget and finance officers in the Foreign Service. State's Associate Comptroller for Budget and Planning advised us that he believes the training still needs to be improved. He said he must deal with Foreign Service Officers with nonadministrative and generalist backgrounds who are assigned to technical jobs such as financial management. While he recognizes that the Foreign Service Institute has added time to the budget and fiscal course, he believes more must be done in the areas of recruiting, training, and assigning Foreign Service Officers.

The Assistant to the Administrator for Management at the Agency for International Development (AID) advised us that a major problem with the FAAS system for his agency's overseas mission is that the youngest and most inexperienced Foreign Service Officers are routinely assigned to the less developed countries where his agency devotes much of its resources. In comparing the training and experience of State personnel with that given AID personnel, he stated that (1) State prepares its overseas staff as generalists whereas AID prepares its staff as specialists, and (2) State provides its staff with 7 weeks of administrative training in such areas as budget and financial management while AID gives its staff 1 year of training.

In some cases, complaints regarding FAAS quality problems were related to positions remaining vacant for long periods. Position vacancies, when combined with State's rotation policy, resulted in service backlogs and in overextension of staff at two posts. Over a 2- to 3-year period, vacant positions at one post included the JAO director and procurement officer for 2 months; the personnel officer for 3 months; the leasing officer for 5 months; the supervisory general services officer for 8 months; and the budget officer for 9 months. Vacancies were blamed on State's difficulties in filling hardship post positions. At another post, both American positions in the personnel office were vacant for an overlapping 2 months. One position was vacant for 8 months and the other for 9 months.

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In contrast, we found that personnel responsible for FAAS services at the U.S. Embassy in Bonn, Germany, had extensive experience in the areas they worked. Key U.S. personnel at the Embassy averaged 22.8 years of service and had served in administrative positions at 4 to 10 overseas posts; most of them had also served in some administrative capacity in Washington. Similarly, the Foreign Service Nationals had worked at the Embassy for a number of years and, according to the Administrative Officer, had excellent skills compared to personnel at other posts to which he had been assigned.

Joint Administrative Offices

In 21 countries, JAOs have been established between State and AID administrative sections in which personnel from both AID and State are to perform the administrative support services. At the posts without JAOs, only State personnel perform FAAS functions.

We found that State and other agency officials overseas with previous JAO experience had mixed opinions about the usefulness of JAOs. For example, some agency officials believed that JAOs were not successful because State tended to dominate them and gave its own staff preferential treatment. However, another agency official thought that the JAO concept worked best when one agency was dominant and ensured that agencies did not duplicate services. At one of the embassies we visited, the JAO existed in name only since its staff included only State personnel.

Other Conditions May Affect Assessment of Quality

Assessments of quality can hinge on agency personnel's feelings about the equality of services. One FAAS principle dictates that the Department of State provide administrative support in an equitable manner. State officials believed that support had been fair and equitable. Most agency officials generally agreed. However, several agency officials sensed some favoritism, but believed that State still adequately accommodated their agencies' needs. In their opinion, perceptions of favoritism were unavoidable.

Sometimes, other conditions have an adverse impact on the quality of FAAS services. For example, at one post, the JAO faced a number of conditions that complicated its efforts to provide administrative support for the Department of State and four agencies. Conditions affecting the delivery of FAAS services included high operating costs resulting from devaluation of the dollar, limited means of transportation, a climate that

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affected both equipment and personnel, and a tax structure which limited economic activity and restricted the development of private companies that could provide alternative sources of support.

AID's Withdrawal From the FAAS System at Three Posts

Because the Congress imposed a ceiling on the amount AID could pay State for FAAS services,[3] AID withdrew from various FAAS services at a number of locations. AID thought it could obtain comparable or better services at a lower cost either from contractors or by performing the function itself. At three of the embassies we visited, AID officials had withdrawn or were planning to withdraw from some FAAS services.

Egypt

AID withdrew from administrative supply, procurement, residential maintenance, leasing, and American personnel management services in Egypt. The following summarizes AID's reasons for withdrawing from these FAAS services:

- Nonexpendable property management, a sub-element of administrative supply, had been poorly administered. Warehouse costs were excessive and adequate property accountability had not been established. A separate AID warehouse could fulfill storage requirements and meet property accountability requirements at less cost.
- Due to program requirements, AID already had three contracting officers. State performed few procurement services for AID. The procurement function could be performed by AID without additional staff.
- FAAS management of residential maintenance had been characterized by overstaffing, nonresponsive service, and excessive costs. Contracting with a local firm for residential maintenance would be significantly cheaper.
- The personnel office was not responsive to AID needs because a personnel officer spent only 8 hours a week at AID, which was too little time to keep the officer familiar with changing requirements. State recognized AID's needs in this area and agreed that AID should have its own personnel function.

While there was disagreement between the Department of State and AID over the impact of AID's withdrawal, our examination showed the following:

[3]AID's fiscal year 1987 appropriation law placed a ceiling of $15 million on the amount that AID could reimburse the FAAS system for administrative support services. No ceiling was placed on the amount AID could spend on administrative support services from sources other than the FAAS system.

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- AID's fiscal year 1987 FAAS bill was about $1.3 million lower, of which $785,000 is due to its withdrawal. The remainder of the reduction resulted from other factors, including State's cost-cutting measures, devaluation of the Egyptian pound, transfer of the local guard program and other funding requirements from the FAAS budget to State's budget, lower personnel allowances and travel costs, and other unrelated workload reductions such as office building maintenance.
- The costs incurred by the FAAS system to perform the five functions for State and the other agencies, plus AID's cost to perform these same functions for itself, would be at least $318,000 higher than if AID received the services from the FAAS system. This is due, in large measure, to the fact that AID's withdrawal reduced the FAAS work load more than State reduced the work force. For example, while the work load in the administrative supply service decreased 63 percent when AID withdrew, State officials said that they reduced the number of personnel only by about 17 percent. We were unable to verify the reduction using the records available at the time of our audit work and did not attempt to determine what reductions were feasible within the given time frame.

Indonesia

Prior to fiscal year 1986, AID discontinued five FAAS services it had previously subscribed to in Indonesia—leasing, office maintenance and repair, warehousing services, furniture procurement, and cashier and disbursing services. According to AID and State officials, these services were discontinued to reduce AID's FAAS costs. However, according to a March 1987 study by a joint State/AID team, State's inability or unwillingness to properly account for $2.6 million in furniture purchased between fiscal years 1982 and 1984 was a major factor in AID's decision to withdraw from warehousing and furniture procurement.

AID, however, may now be paying more for certain administrative support services by obtaining the services outside of the FAAS system. For example, the March 1987 State/AID study indicated that AID could save about $5,000 annually if State provided building maintenance and repair to AID on a direct-charge basis.

Niger

In Niger, AID officials were planning to discontinue selected FAAS services. AID officials estimated that they would save money by withdrawing from these services, but State officials estimated that AID would pay more to obtain the services from other sources. AID and State officials in Niamey stated, however, that they had used different data bases and approaches to develop preliminary projections and indicated that little

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confidence should be placed in their rough estimates of administrative costs.

Conclusions

Customer satisfaction varied by post and agency, but staffing and training problems, particularly in less developed countries, have been hampering the FAAS program. AID has withdrawn from certain FAAS services at selected posts in an attempt to save money and because of dissatisfaction with some FAAS services, but whether, and to what extent, the government is saving money overall is open to question. In some cases, such as in Egypt and Indonesia, it seems to be costing the government more.

For those overseas posts where State has not been able to provide adequate FAAS services because of a lack of sufficient personnel with the needed skills in technical areas, alternatives need to be explored. One option would be to provide more experienced personnel to the posts that the State IG described as being in a "disordered state or having many problems." State could provide some on-the-job training to junior officers by assigning them to larger posts where they might serve under the tutelage of more experienced personnel rather than putting them solely in charge of an operation at a smaller post.

The Department might also be able to further enhance the Foreign Service Officers' training for certain technical positions and give higher priority to training the Foreign Service Nationals at posts in less developed countries. If another agency, such as AID, is able to provide high quality and/or cheaper administrative support, State could pursue the option of contracting with the agency to obtain the service for all the FAAS customers at that post. Chronic shortages of certain skills could be addressed by giving priority to those with the needed skills when new personnel are hired. If Foreign Service Officers do not possess the specialized skills required for certain technical assignments, State could use Civil Service employees.

Recommendation

We recommend that the Secretary of State ensure that each overseas post has enough skilled personnel on hand to provide adequate FAAS services by using any one or a combination of available alternatives, such as (1) providing more experienced personnel to posts experiencing serious administrative problems, (2) providing some on-the-job training for inexperienced junior officers by having them serve in an apprentice capacity at a larger post, (3) enhancing training for certain specialized positions, (4) giving appropriate priority to training Foreign Service

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Nationals at posts in less developed countries, (5) contracting with other agencies at certain posts that are better able to provide a specific FAAS service to all FAAS customers, (6) giving priority to those with the requisite skills to fill chronic shortages of specialized positions when hiring new personnel, and (7) using Civil Service employees if Foreign Service Officers cannot meet specialized skill requirements.

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FAAS Cost Distribution System

The Foreign Relations Authorization Act for Fiscal Years 1988 and 1989 (P.L. 100-204), which was enacted in December 1987, calls upon State to obtain full reimbursement for shared administrative costs from the other involved agencies. This will significantly change the FAAS cost distribution system, because agencies will now have to fund some portion of the overseas administrative support costs that State had previously been fully funding. Our fieldwork for this review took place before the enactment of the legislation, but as the Department strives to revise its procedures to implement this new legislation requirement, an opportunity exists to strengthen accountability and address the problems we found in the FAAS cost distribution system.

Our review showed that the FAAS system did not provide management the information necessary to monitor costs on specific FAAS operations; the methods used to allocate costs among the agencies were questionable; and other agencies performed little, if any, review to ensure that FAAS charges or the statistics used to calculate them were reasonable.

State Has Been Charging Other Agencies Less Than Full Cost for FAAS Services

Other agencies have not been paying the full cost of the administrative support services they have been receiving from the FAAS system. Since it was established in 1977, the FAAS system has charged other agencies only for the incremental support costs incurred because of their presence overseas. These are termed "distributed administrative support costs." To the extent that the Department of State's basic administrative resources have had the capacity to support other agencies, support had been provided to other agencies at no charge. The costs paid entirely by State include the salaries and related costs of essential embassy employees, telegraphic communications, information systems, and security. In 1981 State also assumed responsibility for the annual building operating expenses generated by other agencies occupying government-owned and long-term leased properties. For these properties, State has been funding all the costs for such things as the building and grounds crews, service maintenance contracts, utilities, taxes, and assessments.

The existing FAAS system relies, in part, on the distinction in the labeling of the costs of various administrative support services to be distributed between the Department of State and the other agencies. As described above, some costs are paid entirely by State, and others are paid by State and the other agencies according to the degree they subscribe to the individual FAAS services. Thus, other agencies do not pay the full cost of the administrative support services they receive from the FAAS system. As a result of this arrangement, State, which employs about

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36 percent of the U.S. government's civilian overseas work force, paid about 74 percent ($222 million) of the FAAS costs in fiscal year 1986, and other agencies paid about 26 percent ($78 million).

To alter this arrangement, the Foreign Relations Authorization Act for Fiscal Years 1988 and 1989 calls upon the Secretary of State to review and revise, if necessary, the allocation procedures to ensure that other agencies provide State full reimbursement for shared administrative costs at overseas posts.

Available Information Does Not Facilitate Performance Decision-Making

The FAAS system does not provide management the information necessary to monitor and make decisions regarding FAAS operations. One of the drawbacks of the current system is the lack of cost information on specific FAAS operations. The system calculates a charge for each agency on a country-wide basis for all of the FAAS services but does provide the agency with data on how much each service costs. Moreover, the system does not tell what the FAAS services cost at individual posts within a country. Thus, agency officials cannot readily determine whether the FAAS cost is reasonable for them on either a post- or a service-specific basis.

Agency officials overseas indicated that the FAAS system does not provide the cost information necessary to determine the best method of acquiring administrative support services. Department of State officials overseas also expressed reservations about the cost information provided by the FAAS system and characterized their calculations of FAAS costs as unofficial estimates.

Only Total Cost Is Shown

The FAAS system does not detail the cost of the individual FAAS services even though agencies subscribe to the services separately. The system aggregates cost and work-load data from all of the posts in the country before the FAAS reports are produced. Thus, agencies do not know the effect of initiating or terminating an individual FAAS service throughout the country or at a particular post within the country.

Agencies are permitted to select those FAAS services they wish to receive at each overseas post; they do not have to choose all or any of them. An agency may receive certain services from the FAAS system, contract with private firms for other support, and perform other functions with its

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own personnel. That agency, however, does not know what the FAAS system charges for each of the services on a post-by-post basis and therefore does not know if it is cheaper to contract with a private firm, continue to use the FAAS system, or perform the service itself.

In most of the cases we reviewed in which agencies had studied withdrawing from FAAS services, the estimated costs of specific FAAS services were "best guesses" and could not be supported with definitive cost information.

The FAAS system produces only one set of reports for a country, regardless of the number of posts in the country that receive FAAS services. One of the countries we visited had nine consulates or consulates general as well as the embassy. The FAAS system, however, combined the work-load and cost information from all of the locations and provided information only on a country-wide basis. Thus, agencies do not know how much it costs to operate at individual locations and cannot use cost information from the FAAS system in making decisions about how best to provide for administrative services at the various locations. The cases involving AID's withdrawal from FAAS, as discussed in appendix II, indicate how the lack of data can impair decisions.

Questionable Methods Used to Allocate Costs Among Agencies

Our review showed that the methods used to allocate FAAS costs among the involved agencies were questionable because (1) the FAAS system requires the collection and analysis of numerous work-load statistics that have resulted at times in improper charges, and (2) in some cases the work-load data collection effort and allocation procedures were inordinately costly in relation to the expenses being allocated. In addition, a March 1987 State Department cable indicates that many posts have been using the FAAS system improperly to distribute among the various agencies the costs of specific services which should have been directly charged to the individual agencies that received the specific service.

Extent of Work-Load Statistics

The system uses numerous statistics accumulated at each post to calculate each agency's share of the distributed administrative costs. Although an automated system performs hundreds of calculations, State employees must manually collect over 20 diverse work-load statistics for each organization at each post in the country, combine them into country-wide totals, and enter them into the automated FAAS system at the embassy in order to distribute FAAS costs to participating agencies.

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At one of the posts we visited, over 840 work-load statistics had to be collected and analyzed for the 42 organizations in the country.

Some of the required work-load statistics are readily available, and gathering them for the FAAS system imposes little additional burden, for example, the number of Foreign Service Officers, the number of Foreign Service Nationals, or the number of computer terminals. Other statistics, however, require special data collection efforts, such as the number of pieces of mail handled for each agency and the number of hotel reservations made. These special data collection efforts are time-consuming and therefore costly. Furthermore, the statistics of the latter type that we reviewed were of questionable validity.

Cost Involved to Collect Work-Load Statistics and Operate the Cost Distribution System

The magnitude of the charges distributed by the FAAS system should influence the cost of collecting work-load statistics and operating the FAAS cost distribution system. However, the Department of State does not know how much it costs to operate the FAAS cost distribution system, that is, to collect and process the statistics, answer questions, and resolve problems. In fiscal year 1986, the FAAS system distributed less than 2 percent of the Department's total budget to other U.S. government agencies.

In sharing administrative expenses, the cost of allocating expenses should be reasonable in light of the benefits expected to be derived. In other words, when establishing allocation procedures, the cost of performing the procedures should be weighed in relation to the expenses being allocated. Some threshold should be established below which it is considered unreasonable to spend the time and money necessary to collect the work-load statistics to allocate the shared administrative expenses. We found that FAAS had not established such a threshold, and as a result, the data collection effort has sometimes been relatively expensive.

One budget and fiscal officer abroad estimated that it costs about $15,000 to operate the system at his post—an amount he thought excessive for determining how much the Department of State should charge other U.S. government agencies for administrative support services. The other agencies' share of the FAAS budget in that country was about $800,000.

The effort involved to collect some of the work-load statistics was illustrated at one post we visited by the person who tabulates the work-load

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data for cashier and disbursing operations. She told us that she spends 4 days each year counting the number of disbursements. This work-load statistic was used to distribute less than $4,000 of salary costs. Similarly, the person responsible for preparing the work-load data for the travelers serviced told us she spends 4 days each year counting the number of hotel reservations made and the number of travel requests processed for the various organizations. These counts were used to distribute about $3,700 of salary costs.

The effort involved is further complicated because the statistics must be gathered not only for each department and agency but also for each organization within those departments and agencies. For example, rather than tally all mail for the Department of Defense in one figure, the mail section must make individual tallies for each organization within the Department of Defense. At one of the posts we visited, 18 individual tallies were made for organizations within the Department of Defense alone. Similarly, separate tallies must be made for other departments and agencies. Determining whether a FAAS service, such as mail delivery, is for one organization or another can be difficult, given the similarities of the programs administered by different organizations within the same department or agency. At one embassy we visited, personnel collecting FAAS work-load statistics for the Department of Agriculture had to determine which of the seven individual agricultural service programs was involved.

Questionable Validity

The validity of the work-load statistics collected by State personnel is questionable as is State's distribution of salary costs for people providing FAAS services. Both affect the distribution of FAAS charges. AID, U.S. Information Agency, and State reviews or audits have shown improper charges.

The following examples illustrate problems with work-load statistics that have caused concern about their validity:

- In one country, an erroneous work-load statistic resulted in overcharging an agency about $55,000. State had overstated warehouse space actually occupied by the agency and had included warehouse space no longer under lease.
- To establish a basis for distributing the costs associated with mail, FAAS personnel periodically tally the mail sent by the various agencies. However, the budget analyst responsible for FAAS at one embassy told us that

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the week they count the mail each quarter had to be changed because agencies had attempted to influence the count to minimize their charges.

- At an embassy where the budget analyst responsible for maintaining the FAAS statistics had recently left, embassy budget and fiscal officials were unable to find support for prior year statistics or explain significant changes between prior year statistics and the data collected by the new budget analyst.

At some of the embassies we visited, employees were incorrectly identified in the FAAS system, which resulted in agencies being overcharged for some services and undercharged for others. At one embassy we visited, the personnel costs for five people were distributed to other agencies, but should have been paid entirely by State. Embassy officials could not justify such treatment. At other embassies, officials admitted similar errors.

Prompted by concern about the cost of services obtained through FAAS, the U.S. Information Agency conducted audits of its FAAS bills in Khartoum, Sudan, and Cairo, Egypt, which revealed that it had been overcharged. Similarly, the AID Inspector General reviewed AID's FAAS bill in Nouakchott, Mauritania, and found improper charges. AID and the Department of State conducted a joint review in Bamako, Mali, which also showed that the costs were improperly allocated.

FAAS Charges Not Effectively Monitored

The costs of the FAAS services provided to agencies overseas are paid centrally by the agencies' headquarters. Agency officials overseas request FAAS services, committing their agencies to pay the resulting charges. Agency officials overseas are supposed to review and sign reports indicating that they concur with the accuracy of the FAAS workload statistics before their headquarters pay the charges. However, our review indicates that officials overseas are not adequately monitoring their FAAS costs.

We found errors in the FAAS reports that had supposedly been reviewed by State and agency personnel overseas as well as at the headquarters level. These errors resulted in agencies being overcharged for some services and undercharged for others. For example, about $138,000 in FAAS costs in one country was allocated to various agencies in fiscal year 1986 based on the wrong statistics, and about $12,000 in non-FAAS expenses had been inappropriately included in the costs allocated among the agencies.

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By attending headquarters level FAAS working group meetings on the fiscal year 1987 FAAS charges, we learned that the agencies' representatives in Washington, D.C., were in essence reviewing the FAAS budget documents but not comparing the amounts charged with estimated or reported costs or performance. The discussions indicated that headquarters representatives were not doing a sufficiently detailed review to detect errors or inconsistencies in the FAAS reports and the resulting charges. For example, no one noted that the reports from one post showed a secretary earning about $55,000. One representative did, however, question a person being paid about $133,000 at another post.

Limited Review of Work-Load Statistics

Agencies are given the opportunity to review the reports detailing their work-load statistics to ensure the accuracy of their FAAS bills. We found, however, that little review was being performed.

At one of the locations we visited, embassy officials told us they merely sent the FAAS reports to headquarters without performing the required agency verification and concurrence of the work-load statistics. At other posts, agency officials responsible for reviewing the work-load statistics indicated that for one reason or another, they were unable to do so. For fiscal year 1987, one agency overseas reported that except for the number of American personnel, it could not verify the work-load statistics reported.

Another agency official overseas told us that he did not know if the statistics were accurate; he only compared counts for the present year with those of the past year. Furthermore, some of the agency officials overseas were surprised when we told them about the work-load statistics that the FAAS system was attributing to their agencies. They indicated that they had not been aware of what the system was using as a basis to charge them.

Minimal Review of Reasonableness of Costs

Some agency officials overseas told us that they accepted the FAAS charges because they lacked the resources to perform the administrative support services themselves and had no basis to judge the reasonableness of the FAAS charges. They noted that they had limited knowledge of the FAAS cost distribution system and had little information with which to compare the costs.

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According to one agency official overseas, FAAS costs were considered reasonable because his headquarters had not said that they were unreasonable. Other officials overseas told us that they had not attempted to evaluate their estimated FAAS costs and did not have opinions on cost reasonableness. Several of these officials said that they have no basis to judge the reasonableness of FAAS costs because they never know their actual FAAS charges since the FAAS reports they see locally do not include the costs paid by the Department of State headquarters and the bills are paid by their agencies' headquarters.

Conversely, at one post we visited, an agency significantly reduced its participation in the motor pool when it informally determined that it was being charged about $17 per mile when it used the motor pool. It decided to rely on taxis or other means rather than incur that charge.

Actions Underway to Improve FAAS

The Department has instituted a functional coding system to specifically identify what costs are being incurred for what functions. But overseas posts have not been using this coding system extensively. The salaries of Americans and Foreign Service Nationals are not presently coded for functional accounting. State officials have indicated that, in conjunction with the implementation of their new Financial Management System, they plan to use the functional coding to identify the cost of particular FAAS functions on a post by post basis.

Furthermore, the Department of State has begun to charge other agencies directly for some FAAS services that can be attributed specifically to them. For example, the cost of cleaning short-term leased offices is charged directly to occupants based on the actual contract cost. Earlier, such costs were included in the FAAS system and distributed to the other agencies along with indirect FAAS costs that could not be directly charged. Moreover, some posts are now exploring options to charge the cost of other services directly, like motor pool and clearing goods through customs. By charging the agencies the direct costs, the FAAS system distributes only the indirect costs that are not easily attributable to a specific agency.

Conclusions

With the new legislatively mandated requirement for the Department to ensure full reimbursement of shared administrative costs, we believe the Department can use this opportunity to also ensure that the cost allocation system to be used is fair and reasonable, provides sufficient cost information on specific FAAS operations, enhances the accuracy of the

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charges to other agencies, and improves the monitoring of FAAS charges by other agencies. The existing system did not adequately do these things.

We believe that State has an inherent responsibility to promote cost awareness and fairly allocate FAAS expenses among involved agencies. However, it also needs to recognize that the cost of allocating FAAS expenses among the involved agencies must be reasonable in relationship to the expenses being allocated. State needs to accurately reflect the cost of each agency's overseas presence and provide the agencies sufficient information for them to monitor FAAS charges for a specific service at a particular overseas post.

The FAAS cost distribution system would be improved if, to the extent practicable, each agency was directly charged for all substantial costs that can be specifically attributed to it. The extensive use of functional coding of costs could greatly assist in charging agencies for direct costs and identifying the costs associated with individual FAAS functions, especially those related to the salaries of U.S. and foreign national employees. The costs not readily assignable to a specific agency could be distributed using readily available statistics. In those cases where collection of data is labor-intensive and inordinately costly in relationship to the amounts to be allocated, a per capita system could be used to charge agencies for individual services to which they subscribed based on authorized staffing levels.

Identifying the cost to each agency for each FAAS service on location-by-location basis would foster better cost awareness and facilitate the efforts of other agencies to monitor the cost of services for which they must now fully reimburse State. Efforts to ensure economical and effective administrative support at a reasonable cost needs to be encouraged. Providing accurate cost information will assist the agencies in monitoring the costs of their overseas presence.

Recommendations

We recommend that the Secretary of State, in conjunction with the heads of other involved agencies, develop a revised administrative support cost distribution system that will accomplish the following:

- Charge directly to a specific agency all substantial costs that can be attributed to that agency and make extensive use of functional coding of costs, particularly salaries. For those costs that cannot be attributed

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directly to a specific agency, use readily available work-load statistics to distribute such indirect or overhead costs.

- Eliminate the collection of work-load statistics in those cases where the cost of collecting such data is high in relation to the amounts being allocated and replace it with a per capita method to charge agencies for services to which they subscribed based on authorized staffing levels.
- Inform each agency of the cost it incurs for each service or function on a location-by-location basis, provide agency officials at each overseas post sufficient data for them to ascertain how the cost figures were developed, and provide a basis for more effectively monitoring such costs.

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Factors Affecting Complete Consolidation of Administrative Support

Consolidating the common administrative requirements of all U.S. government agencies overseas prevents duplicating staffing and other resources. For these reasons, most agencies agree that administrative support services overseas should, in principle, be consolidated to the extent possible. However, while the concept of sharing administrative support has received wide endorsement, the degree of actual consolidation varies from country to country for a number of reasons. Various factors, such as different agency requirements, capabilities, and location, complicate total consolidation.

Range of Consolidation

The extent of consolidation varied at the locations we visited overseas. The 24 agencies in Cairo relied substantially on State for their administrative support requirements. Except for AID's withdrawal, little change in participation occurred between fiscal years 1983 and 1987. Generally, agencies subscribed to all FAAS services except American personnel management, payroll, and motor pool support. The agencies we contacted had executive officers, personnel officers, administrative specialists, and chauffeurs to oversee or perform one or more of these three support functions.

Conversely, four of the seven agencies we visited in Bangkok duplicated several services available through FAAS, and all seven agencies operated their own motor pools. The other three agencies duplicated few FAAS services. However, all of the agencies we contacted were relatively consistent users of the other FAAS services and discontinued few services during the period of our review. Agencies in Bonn also furnished some of their own administrative support for various reasons, even though the services were available through the FAAS system. American personnel management and motor pool operations were most often duplicated. Neither the agencies nor the embassy had evaluated opportunities to decrease duplication and increase consolidation of administrative support services.

Diverse Agency Requirements

Agency officials generally indicated that they needed to provide in-house support because of unique requirements. The way agencies are organized can affect the extent to which they use FAAS services. For functions that are centralized at an agency's headquarters, like payroll, using the local FAAS system's service would not be feasible or necessary. Also, some agencies use a regional approach for some services, which affects their use of local FAAS services. For example, one military unit

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provides civilian personnel services for Thailand from offices in the Philippines.

One official overseas said that he could not use FAAS budgeting and planning or accounts and records services because they are incompatible with his agency's requirements. For example, this official maintains accounts and records for a variety of Department of Defense activities, including multi-service joint exercises, which often requires knowledge of many special activities and funds. Consequently, he believes that it is prudent for his office to maintain its own accounts and records.

Arrangements with foreign governments may also affect an agency's decision to use FAAS services. For example, 21 of 26 vehicles in one agency's motor pool were owned by a host country government. Furthermore, the agency's program may dictate special arrangements outside of the FAAS system. For example, one official said the sensitive nature of the agency's work required that it maintain control over American personnel management, travel services, vehicle operations, and procurement. Similarly, another official said that his agency operated a print shop because it had weekly production deadlines which could be met only if it controlled the printing process. A Department of Defense official said that his agency retained control over its two vehicles at one post because of military protocol and because they were used outside of the capital city for extended periods.

Some agencies maintained that they could not use the FAAS services because the system did not meet their needs. For example, officials from three agencies said that the embassy motor pool at one of the posts we visited was unacceptable when they needed vehicles for unscheduled and prolonged trips. Another agency did not subscribe to FAAS data processing support because its data processing systems were incompatible with the systems State operates.

Officials from another agency said that they did not want to join the mission housing pool at one location because, based on experiences at other posts, they believed that they would not receive adequate service. Since they were not in the mission housing pool, they also did not use the FAAS ware-housing and furniture services.

Another agency official said that his agency duplicated various FAAS services because when he arrived at the embassy in August 1986, certain services were not obtained through FAAS and since everyone was satisfied, he saw no reason to change to the FAAS system.

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Different Agency Capabilities

Agencies have established capabilities overseas to accomplish program objectives that have also been used to provide administrative support services. In Bangkok, for example, AID did not subscribe to services such as accounts and records, procurement, and leasing because these capabilities were already in place to manage AID projects in Thailand. Also, the AID comptroller in Bangkok said that they handle procurement for AID operations in Burma and vouchering for AID activities in Singapore, Burma, and Hong Kong.

Similarly, one Department of Defense agency did not use FAAS travel services because it already had a travel clerk to handle Military Airlift Command travel arrangements. This same person also made commercial travel arrangements.

Arrangements for one service may also affect an agency's need to obtain administrative support services. At one location we visited, an agency did not subscribe to office maintenance because the host country government provided the building free of charge to the U.S. government and paid for building maintenance and utilities.

Separate Locations

Some of the agencies' independent support activities were required because they had offices apart from the embassy compound. Thus, at one of the posts we visited, one agency required its own in-house data processing and reception services. Similarly, another agency could not use the FAAS reception services because it was not located in the embassy.

The Department of State administrative counselor and agency officials in Bangkok said that FAAS services were consolidated to the extent possible given that their agencies are geographically dispersed around Bangkok. The officials also said that further consolidation is not feasible until the new embassy is built. For example, using services such as cashiering and disbursing and travel services would require frequent trips from their offices to the embassy compound, according to AID officials. They said these trips could take more than 2 hours during peak traffic periods.

Conclusions

Although, in principle, consolidation of common administrative requirements of all U.S. government agencies overseas curbs duplication of resources, various factors may prevent effective consolidation at all

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posts. These factors include diverse agency requirements and capabilities as well as separate locations.

A factor that may have a much broader impact on the consolidation of overseas administrative support services in the future relates to State's ability to satisfy the other agencies. Under the recently enacted legislation, other agencies will soon begin to pay the full cost of services received. If State cannot provide adequate services at a reasonable cost, the other agencies that now voluntarily participate in FAAS will probably seek alternatives. The challenge will be to avoid (1) eroding cohesion among the agencies, (2) undermining previous efforts to avoid the duplication of support capabilities, (3) creating competition between agencies for the same services in locations where limited alternatives exist, and (4) increasing costs to the government because economies of scale are lost.

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Administrative Support Services Available Through the FAAS System

Personnel Services

- American Personnel Management
- Foreign Service National Personnel Management
- Welfare and Health Services
- Travel Services

Budget and Fiscal Services

- Accounts and Records
- Payrolling
- Vouchering
- Cashier and Disbursing Operations
- Budgeting and Financial Planning

General Services

- Vehicle Operations
- Vehicle Maintenance
- Administrative Supply
- Procurement
- Reproduction
- Shipment and Customs
- Building Operations - Office
- Building Operations - Residential
- Leasing

Communications Services

- Telegraphic Traffic
- Pouching
- Files and Records
- Mail and Messenger Service
- Reception and Switchboard Services

Security and Guard Services

- Personnel Investigations
- Physical Security
- Marine Guard Service
- Watchman Service

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Management Services[1]

Direct Services[2]

Data Processing Services

[1]Generally concerned with the overall direction of FAAS staff activities.

[2]Involves the provision of support personnel, under special funding arrangements with a specific agency that provides 100 percent reimbursement for the indefinite duration of that agency's support requirements.

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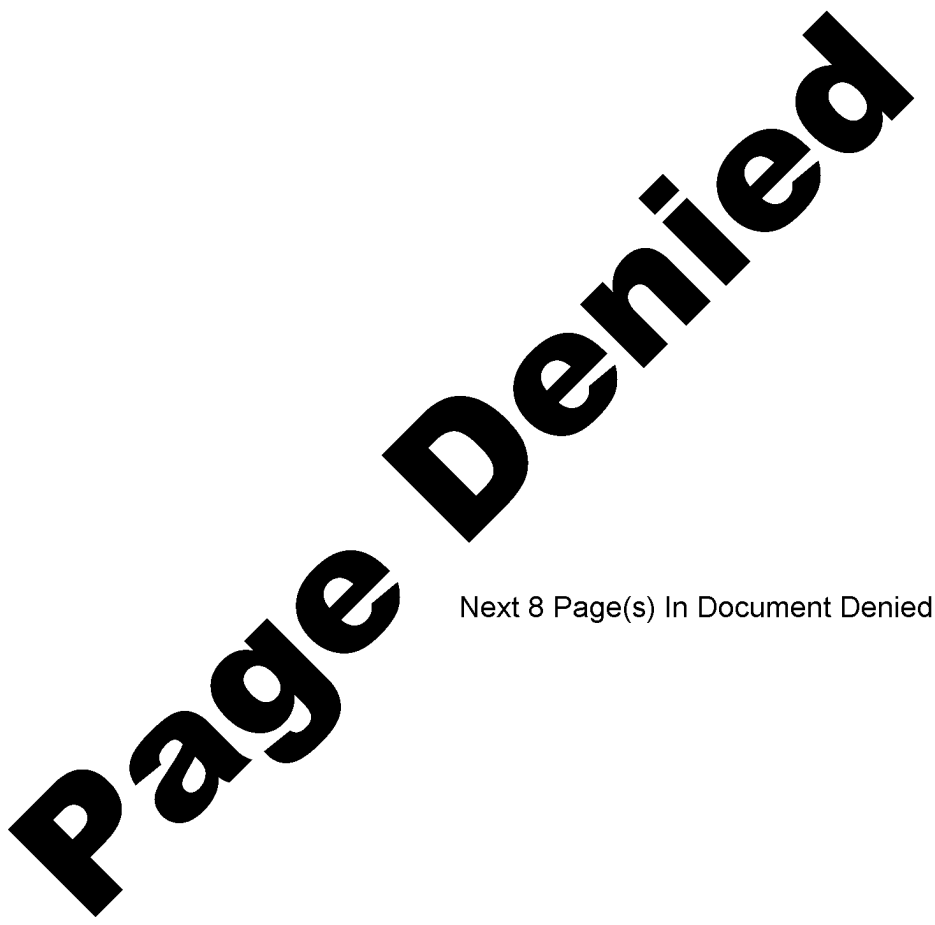

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